

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 L-03 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 SSO-00 INRE-00 /044 W

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O 090726Z JUL 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC IMMEDIATE 5983

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DEPT PLEASE PASS USDA/FAS

EO 11652 NA

TAGS ETRD TW

SUBJECT: STATUS COTTON CONTRACTS

REF: STATE 160193

1. PRESENT SITUATION WITH RESPECT TO LETTER OF CREDIT
FOR PAST DUE CONTRACTED COTTON PROVIDED IN TELCON
BETWEEN AGATT AND KEN STEPHENS USDA/FAS JULY 9.

2. BOFT REPORTS L/C'S FOR 10,000 BALES PERIODS ONE
AND TWO HAD BEEN OPENED AS OF JULY 8.

3. BOFT AND TEXTILE MILLS HAVE NOT REACHED AGREEMENT
ON PROCEDURE FOR OPENING OF L/C'S BY MILLS WHO CONTRACTED
MORE COTTON THAN THEY CAN RECEIVE IN THE SHORT DELIVERY
PERIOD ALLOWED UNDER THE AGREED SHIPPING SCHEDULE.
BENJAMIN LU, BOFT, ASSURED AGATT JULY 7 THAT DECISION
ON PROBLEM MILLS WILL BE REACHED THIS WEEK AND THAT
Y.T. WANG (WANG I-TING) WILL INFORM EMBASSY OF DECISION
RACHED BY JULY 11. MEANTIME, OTHER MILLS WHO ARE
READY TO OPEN L/C'S ARE HOLDING ACK UNTIL BOFT AND
PROBLEM MILLS REACH AGREEMENT.

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4. IT IS NOW CLEAR THAT THE SCHEDULE FOR OPENING
LF L/C'S IN PERIOD ONE AND TWO WILL NOT BE MET. THE
MEASURES TAKEN SO FAR BY THE BOFT HAVE NOT BEEN SUFFICIENT
TO PRODUCE THE DESIRED RESULTS. THE WITHHHOLDING
OF IMPORT LICENSES IS EFFECTIVE FOR THE PRESENT ONLY
IF THE MILL IS IN IMMEDIATE NEED OF RAW COTTON. SOME
MILLS HAVE SUFFICIENT RAW COTTON FOR 6 MONTHS OPERATION AND
WILL NOT BE AFFECTED BY AN IMPORT LICENSE BAN DURING
THE AGREED PERIOD FOR OPEING ALL L/C'S FOR U.S.
CONTRACTED COTTON.

5. WE ARE HOPEFUL THAT THE BOFT WILL COME FORWARD LATER
THIS WEEK WITH AN ACCEPTABLE PLAN FOR MEETING THE
COMMITMENTS FOR CONTRACTED U.S. COTTON. IN THE EVENT
THAT SUCH A PLAN IS NOT FORTHCOMING, WE WILL URGE THE
BOFT TO TAKE STRONGER MEASURES WHICH WILL HAE A MORE
IMMEDIATE IMPACT UPON TEXTILE MILL OPEATIONS.
UNGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CREDIT, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TAIPEI04115
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750236-0400
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750771/aaaacrlj.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 160193
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUL 2003 by CunninFX>; APPROVED <23 DEC 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATUS COTTON CONTRACTS
TAGS: ETRD, TW, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006